MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

PAT0074 – INTRODUCTION TO FINANCIAL ACCOUNTING

(Foundation in Business)

13 MARCH 2019
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **FOUR** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

Part A

List down and briefly explain the **FOUR** main causes of depreciation.

(4 marks)

Part B

On 1st January 2016 Eagle Limited bought the following assets accounts

	RM
Equipment	10,000
Machineries	300,000
Motor vehicles	70,000

Eagle Limited uses straight-line method of calculating depreciation for its office equipment and machineries and at the rates of 10% and 20% of the cost per annum, respectively. The motor vehicles are depreciated at the rate of 25% per annum of the book value of the asset. The financial year end of the business is 31 December of each year.

The company sold the equipment for the sum of RM6,000 by cheque on 31 December 2018.

REQUIRED

a) Calculate the annual depreciation for each assets of the three years, 2016, 2017 and 2018.

(3 marks)

b) Prepare the following accounts for 2016, 2017 and 2018:
   i) **Equipment** account (6 marks)

   ii) Accumulated provision for depreciation of **equipment** account (8 marks)

   iii) Disposal of **equipment** account (4 marks)

(Total 25 marks)

Continued...

QUESTION 2

Part A

The following information was given by the treasurer of Accounting club for the year's activities:

	RM
Cash balance, 1 January 2018	5,000
Receipts:	
Donation received	10,000
Subscriptions received in 2018	1,000
Payments:	
Study trip expenses	800
Cost involved in organising Accounting Quiz	200
Donations to member hit by floods	8,000
Sundry expenses	3,000
Rental expense	500

Additional information:

The current assets and liabilities were as follows:

	31 December 2017 (RM)	31 December 2018 (RM)
Rental expense paid in advanced	-	100
Sundry expenses in arrears	100	150
Subscriptions in arrears	300	200

REQUIRED

a) Prepare a Receipts and Payments Account. (5 marks)

b) Prepare a Subscription Account (3 marks)

c) Prepare an Income and Expenditure Account for the year ended 31 December 2018. (4 marks)

Continued...

Part B

Bella and Rina are partners sharing profits and losses in the ratio 2:1. They formed the partnership, Bellarina Enterprise, on 1 January 2018 to sell woman's accessories in the Melaka area. Bella contributed capital of RM78,000 and Rina contributed RM48,000. During the year Bella and Rina has made cash drawings of RM5,000 and RM4,000 respectively.

Additional information:

i. Partners are entitled to interest on capital at 5% per annum.
ii. Interest on drawing is 10% per annum.
iii. Bella is entitled to a salary of RM800 **per month**.
iv. Net profit before distribution is RM4,050

REQUIRED

a) Prepare the profit and loss and appropriation account of Bellarina Enterprise for the year ended 31 December 2018.

(6.5 marks)

b) Prepare the partners' current account in columnar format.

(6.5 marks)

(Total 25 marks)

Continued...

QUESTION 3

Below is the trial balance for Gempak Limited for financial year ended 31 December 2018.

	Debit (RM)	Credit (RM)
Ordinary shares of RM1 each		800,000
8% Preference shares of RM1 each		500,000
Account receivables	300,000	
Account payables		250,000
Inventory 1 January 2010	90,000	
Office equipment at cost	250,000	
Premises at cost	650,000	
Machinery at cost	350,000	
Sales		2,000,000
Purchases	1,000,000	
Bad debts	12,000	
Salary	200,000	
Rent expenses	40,000	
Insurance expenses	78,000	
Directors' remuneration	220,000	
Commission received		35,000
General reserve		95,000
Retained profit		100,000
Interim dividend for ordinary shares	40,000	
Interim dividend for preference shares	20,000	
Depreciation 1 January 2018:		
Office equipment		100,000
Premises		65,000
Machinery		70,000
Bank	765,000	
	4,015,000	**4,015,000**

Additional information as at 31 December 2018:

i. Inventory as at 31 December 2018 is RM55,000
ii. Rent owing RM5,000.
iii. Insurance includes a prepayment of RM8,000.
iv. Unearned commission received of RM2,000
v. Provision for depreciation for Office equipment, Premises and Machinery is to be made at the rate of 10% per annum on cost.
vi. RM90,000 is transferred to general reserve.

REQUIRED

a) Prepare Statement of Profit or Loss for the year ending 31st December 2018. (16 marks)

b) Prepare Statement of Changes in Equity for the year ending 31st December 2018. (9 marks)

(Total 25 marks)

Continued...

QUESTION 4

Part A

For each of the following items, indicate whether it is either a cash inflow or outflow and in which section of the statement of cash flows it would be reported (operating, financing or investing activities).

Item	Inflow or Outflow	Section of the Cash Flow Statement
1. Cash sales of office equipment		
2. Dividend received		
3. Issuance of ordinary shares		
4. Rental income received		
5. Share repurchased		
6. Payment of interest on loan		

(12 marks)

Part B

NNN Sdn Bhd is a small business that sells special embroidery crafts. The following is the data about the company at the end of 2018.

	RM
Sales	385,200
Opening inventory	93,250
Closing inventory	84,630
Cost of goods sold	182,960
Net profit	30,560
Current assets	130,575
Current liabilities	62,385
Total assets	515,230
Total liabilities	300,000

Calculate the following for 2018. You are required to show all workings.

a) Gross profit margin (3.5 marks)

b) Returns on capital employed (3.5 marks)

c) Stock turnover (2.5 marks)

d) Current ratio (3.5 marks)

(Total 25 marks)

End of Paper